

Consumer uncertainty weighing on electronics sales

Singer Bangladesh CEO says in an interview with The Daily Star

JAGARAN CHAKMA

The electronics and home appliance sector in Bangladesh is facing one of its most challenging periods in recent years due to inflation, currency devaluation and declining consumer spending on non-essential items.

As households struggle with rising food prices and economic instability, demand for consumer electronics has significantly dropped.

This has forced home appliance companies like Singer Bangladesh to adjust their strategies to navigate these uncertain times, according to MHM Fairouz, managing director and CEO of Singer Bangladesh.

"Consumer uncertainty is a major factor affecting the electronics sector," Fairouz said in an interview with The Daily Star recently.

"Apart from rising costs, economic instability, political unrest, and concerns over law and order have led customers to postpone purchasing electronic items," he added.

According to the home appliance maker, businesses have also faced significant challenges due to foreign currency exchange issues. Many companies have struggled to open letters of credit (LCs), disrupting supply chains.

Besides, the devaluation of local currency taka and rising interest rates have compelled companies to increase product prices, further reducing consumer affordability.

Repeated flooding in the northeastern swathe of the country last year has also contributed to the slowdown in electronic sales, said Fairouz.

In spite of these challenges, there is cautious optimism for 2025. "Consumer confidence has started to show signs of improvement over the last few months," Fairouz said.

"Farmers and government employees, who receive bonuses or seasonal income, are the potential buyers," he noted. "By offering flexible payment schemes,



MARKET TRENDS

- Companies focus on specific customer groups like RMG workers
- Singer promotes easy financing for affordability
- Cost-cutting and direct sales sustain revenue
- Sales of refrigerator, washing machines rebound faster

CHALLENGES

- Currency devaluation and low consumer confidence hit demand
- Rising food prices, political instability delay electronics purchases
- Taka devaluation and LC restrictions disrupt supply chains
- Higher import duties increase costs

OUTLOOK

Automation and AI enhance efficiency, customer service

Stable policies and innovation crucial for long-term growth

we are encouraging purchases despite economic hardships."

Singer, known for its easy payment schemes, has leveraged its expertise to provide financing options that enable customers to buy products without paying the full amount upfront. "This approach has helped revive consumer demand in the electronics sector," Fairouz added.

Bangladesh remains heavily dependent on imports for electronic components, and the depreciation of the taka has significantly impacted costs.

"Over the past year, our currency has devalued by nearly 11 percent, leading to higher import costs," Fairouz pointed out. "Rising freight charges and increasing raw material costs have further contributed to price hikes."

Government policies have also played a role in shaping the sector. "The 2024 national budget increased import duties on essential components such

as compressors for air conditioners and refrigerators."

Given the difficult economic climate, electronic manufacturers in Bangladesh have adopted different strategies to cope with declining sales. Major players like Singer, leveraging their parent company Beko's global expertise, have adjusted their business strategies to match market conditions.

"One key approach has been targeted promotions," Fairouz explained. "Companies are now focusing on specific customer groups, such as RMG workers and teachers, offering them tailored campaigns and easy financing options."

Singer has also introduced innovative promotional offers beyond just discounts.

"For example, customers purchasing refrigerators now receive three months of free electricity, easing the financial burden on struggling households. These initiatives have helped drive sales in a challenging market."

Government policies play a crucial role in shaping the electronic market. While some recent initiatives have been beneficial, frequent policy changes create uncertainty and discourage investment.

Fairouz said, "The introduction of the Authorized Economic Operator (AEO) system, which streamlines customs processing for selected companies, is a positive step."

"However, businesses need stability in fiscal policies, particularly in areas like taxation and import duties. Providing a level playing field for all industry players will help build confidence among investors and businesses."

To remain profitable in the current economic scenario, companies must focus on cost optimisation. "Strategies such as implementing smart pricing mechanisms and exploring direct-to-customer sales channels are crucial for maintaining revenue," Fairouz suggested.

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Transforming banking with digital innovation

MAMUN RASHID

The banking industry is profoundly transformed by changing customer behaviour, technological advancements, and competitive pressures. Customers are increasingly demanding personalised, convenient, and transparent services. They expect seamless interactions across digital platforms and are more willing than ever to switch service providers if their needs are not met. Fintech companies, with their customer-centric digital offerings, have set new standards, pushing traditional banks to innovate.

The journey towards smart and digital banking begins with a thorough assessment of the bank's existing technology stack. It is crucial to evaluate architecture flexibility, cloud deployment models, and integration capabilities. Migrating data from legacy systems to modern core banking solutions can help streamline operations and improve efficiency. Banks must prioritise the implementation of interfaces that facilitate seamless integration with other business applications to enhance functionality and customer experience.

To compete effectively, banks need to develop a roadmap of products and services aligned with market best practices. This involves leveraging digital tools and technologies to provide personalised customer service, enabling customer self-resolution, and digitising processes to achieve faster processing times. Digital transformation is not just about technology; it's about redefining customer engagement. Banks must adopt multi-channel marketing strategies to improve customer interactions and conversion rates. Centralising and scaling client acquisition infrastructure can enhance wealth management penetration and drive incremental revenue. By utilising customer analytics and segmentation techniques, banks can gain deeper insights into customer behaviours, enabling tailored offerings that meet specific needs.

A successful digital transformation requires a modular architecture approach and customer experience transformation. Delivering a first-rate digital experience can significantly reduce IT running costs and drive incremental revenue through new product offerings. Establishing a "single customer view" can provide a data foundation for understanding customer segments, unlocking opportunities for increased sales and conversion.

Foundational technologies, such as blockchain, AI, and cloud intelligence, play a pivotal role in enabling digital banking. Banks should explore blockchain for secure, transparent transactions and AI for enhanced customer service and risk management. Cloud intelligence facilitates easier integrations, allowing banks to establish platforms for new business journeys or enhance existing ones. Integrating robust data governance, warehousing, lake house architectures, and business intelligence into a bank's digital strategy enhances growth and innovation. A comprehensive data governance framework not only ensures data integrity, compliance, and security but also fosters a culture of accountability and transparency.

As banks move towards digital platforms, cybersecurity becomes a paramount concern. Banks need to invest in state-of-the-art security technologies to protect against cyber threats and data breaches. Implementing advanced encryption protocols, multi-factor authentication, and regular security audits can fortify digital banking infrastructure. Additionally, banks should incorporate AI-driven threat detection systems to proactively identify and mitigate potential risks.

Digital transformation in banking also involves navigating complex regulatory environments. Banks must ensure compliance with evolving regulations while maintaining agility in their operations. A successful digital transformation requires a cultural shift within the organisation. Banks must foster a culture of innovation, agility, and collaboration. Encouraging cross-functional teams and leveraging digital innovation workshops can inspire creativity and drive change. By aligning on a North Star vision, banks can guide future decisions and inspire excitement for the possibilities that digital channels and AI can bring.

The path to becoming a true digital bank is multifaceted, involving strategic planning, technological innovation, and cultural transformation. By embracing digital tools, optimising operations, and prioritising customer experience, banks can position themselves as leaders in the financial services industry. As the digital landscape continues to evolve, banks must remain agile, continuously adapting their strategies to meet the ever-changing needs of their customers. Through a comprehensive digital transformation, banks can secure their future and thrive in the digital age.

The writer is the chairman at Financial Excellence Ltd

Last batch of 50,000 tonnes of rice arrives from Pakistan

STAR BUSINESS REPORT

Bangladesh has recently received 26,250 tonnes of atop rice purchased from Pakistan under a government-to-government deal.

"Atap rice" or "sunned rice" refers to a type of rice that is not parboiled, meaning it has not been steamed or boiled with the husk on.

This is the last batch of 50,000 tonnes of rice purchased through a memorandum of understanding (MoU) signed between the Directorate General of Food, Bangladesh and the Trading Corporation of Pakistan on January 31, said a press release. A ship named MV Mariam, carrying the 26,250 tonnes of atop rice, arrived at the outer anchorage of the Chattogram port on March 11. It berthed at a port jetty on Friday, port officials said.

After quality tests of samples collected from the ship, unloading of the rice started on Friday evening, said Gnana Priya Bidurshi Chakma, controller of movement and storage at Chattogram under the Directorate General of Food.

Bangladesh on March 5 received 26,250 tonnes of atop rice in the first batch under the deal.

The rice cost \$499 per tonne as per the agreement, food officials informed. This is the first ever purchase of rice from Pakistan under a government-to-government deal since the Liberation War in 1971.

Foxconn's 2024 profit misses forecasts

AFP, Taipei

Taiwanese tech giant Foxconn reported on Friday a lower-than-expected net profit for 2024 as consumer electronic gadgets underperformed, although demand for its artificial intelligence servers remained robust.

The world's largest contract electronics manufacturer has been moving beyond assembling devices such as Apple's iPhones into areas ranging from electric vehicles to AI servers.

The company said full-year net profit rose seven percent to NT\$152.7 billion (US\$4.6 billion).

That compares with an average forecast of NT\$159.4 billion, according to a Bloomberg News survey of analysts. Full-year revenue rose 11 percent to NT\$6.9 trillion, beating the market forecast of NT\$6.8 trillion.

Foxconn, also known as Hon Hai Precision Industry, has been riding a wave of global demand for generative AI in recent years.

The company reported a "strong performance" in its AI server business, with revenue up 150 percent, according to documents released ahead of an earnings call with analysts.

This year would be the "Year of AI", the company said, with shipments increasing in every quarter.

The earnings announcement comes as US President Donald Trump imposed tariffs against major trading partners including China, Canada and Mexico, igniting trade wars and causing markets to fall. READ MORE ON B2

Vietnam, US firms sign \$4b in deals amid tariff worries

AFP, Hanoi

Vietnamese and US companies have signed more than \$4 billion in deals, a petrochemical giant said Friday, as anxiety mounts in Hanoi over potential tariffs under US President Donald Trump's administration.

The Southeast Asian nation has the third-biggest trade surplus with the US after China and Mexico -- both targeted by Trump since he took office.

A statement posted by PetroVietnam Power Corporation (PVPower) on its website said the new projects -- in areas such as aviation, oil and gas exploration and petrochemical imports -- were worth around \$4.15 billion.

The "highly meaningful" deals were aimed at establishing "balanced and harmonious" trade and would create hundreds of thousands of jobs for workers in

both countries, PVPower said.

They were signed in the US on Thursday during a visit by Vietnam's trade and industry minister Nguyen Hong Dien to meet US Trade Representative Jamieson Greer in Washington.

The Southeast Asian nation has the third-biggest trade surplus with the US after China and Mexico -- both targeted by Trump since he took office

Greer told Dien that Vietnam "needs to have stronger solutions to open the market and improve the trade balance", according to a report on the website of Vietnam's trade ministry.

There is increasing worry in Hanoi that Vietnam could be the next target of Trump's tariffs,

which have sent shockwaves through global markets.

Earlier, Hanoi said it was reviewing import duties on goods from the United States.

Vietnamese Prime Minister Pham Minh Chinh told US ambassador Marc Knapper that the review would look to encourage increased imports of liquefied natural gas, as well as agricultural and high-tech products, a report on the government's website said on Thursday.

Chinh told Knapper that Vietnam was "actively addressing the current concerns of the US in economic-trade investment relations".

Vietnam was also "reviewing import tariffs on goods from the United States, encouraging increased imports of key US products that Vietnam needs, especially agricultural products, liquefied gas and high-tech products", the report added.

REUTERS

Gold broke through the key \$3,000 barrier on Friday for the first time as investors piled on to a historic rally in the safe-haven asset to seek cover from economic uncertainty sparked by US President Donald Trump's tariff war.

Spot gold hit an all-time high of \$3,004.86 earlier in the session, before easing 0.1 percent to \$2,986.26 as of 02:01 p.m. ET (1801 GMT) on profit taking.

US gold futures settled 0.3 percent higher at \$3,001.10.

Gold's surge past the \$3,000 milestone was driven by "beleaguered investors seeking the ultimate safe-haven asset given Trump's tumult on stock markets," said Tai Wong, an independent metals trader.

Traditionally viewed as a safe store of value during geopolitical turmoil, bullion has risen nearly 14 percent so far this year, driven in part by concerns over the impact of Trump's tariffs and a resultant selloff in stock markets. "Real asset money managers,

particularly in the West, needed a strong stock market and economic slowdown scare to return to gold -- and that's happening now," said Ole

Hansen, head of commodity strategy at Saxo Bank.

Gold has also been supported by central bank demand, with key buyer China building its

bullion reserves for a fourth straight month in February.

"Central banks continue record-level gold acquisitions, seeking to diversify away from an

increasingly volatile US dollar," said GoldCore CEO, David Russell.

Expectations of monetary easing by the US Federal Reserve have also helped zero-yield gold, with traders betting on cuts to resume in June.

"There are good reasons for why investment demand is likely to remain robust... heightened geopolitical and geo-economic risk, higher inflation expectations, potentially lower rates and the uncertainty that markets are feeling," said Juan Carlos Artigas, global head of research at the World Gold Council.

Goldman Sachs said in a note that there was upside risk to its \$3,100 end-2025 base case scenario and to its \$3,100-\$3,300 forecast range as US policy uncertainty may support investor demand.

"We believe that central bank gold buying will remain structurally higher than before the freezing of Russian central bank reserves in 2022. We think this is the case even after a potential Russia-Ukraine ceasefire," the bank added.



Gold jewellery are on display inside a shop in Kolkata, India. Traditionally viewed as a safe store of value during geopolitical turmoil, bullion has risen nearly 14% so far this year.

PHOTO: AFP